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PP RUEHWEB

DE RUEHEG #2507 3510719
ZNR UUUUU ZZH
P 160719Z DEC 08
FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC PRIORITY 1059
INFO RUEHTV/AMEMBASSY TEL AVIV PRIORITY 1813
RHEHAAA/WHITE HOUSE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS CAIRO 002507

SENSITIVE
SIPDIS

DEPT FOR NEA/ELA AND NEA/IPA
TEL AVIV FOR APRIL COHEN
TREASURY FOR BRYAN BALIN AND FRANCISCO PARODI
WHITE HOUSE FOR USTR/SONIA FRANCESKI

E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [EFIN](#) [EINV](#) [PGOV](#) [PREL](#) [IS](#) [EG](#)
SUBJECT: MOVING FORWARD ON QIZ EXPANSION

REF: A) 07 CAIRO 3022 B) 08 CAIRO 2410

11. (U) This is an action request. Please see paragraph six.

12. (SBU) On December 14, econcouns met with Ali Awni, chief of the Qualifying Industrial Zone (QIZ) Unit of the Ministry of Trade and Industry (MTI). Awni stated that he hoped further consideration of the proposed QIZ expansion to Upper Egypt (ref a) could still take place this year. Awni told us that the Egyptian QIZ Unit and their Israeli counterparts were preparing a joint letter (ref b) to USTR proposing a revision to the expansion request originally submitted in October 2007. This proposal would ask for a more limited expansion of the QIZ to only Beni Suef and Minya governorates. He informed us that the Commercial Counselor at the Egyptian Embassy in Washington had recently discussed this idea with USTR in Washington. In connection with this new, more limited expansion request, Awni promised to provide us with the names of companies in Beni Suef and Minya with the potential to export under the QIZ program. He hopes to have this information to the Embassy by December 16. He reiterated that many of these companies were very small with only a handful of employees.

13. (SBU) In addition to the QIZ request, Awni expressed concern that the USG has not yet responded to a separate Egyptian proposal to establish a memorandum of understanding (MOU) with the U.S. Customs and Border Patrol (USCBP) division of DHS. This proposal, unrelated to the request for QIZ expansion, was made directly by the Egyptians to DHS this past spring. The purpose of the agreement is to help the Egyptians gain greater expertise in compliance with and enforcement of existing QIZ terms and documentation.

14. (SBU) In a subsequent conversation on December 15, MTI Senior Advisor Sayed Elbous told econoff that he hopes to have a signed, joint Egypt/Israel letter with the formal request for a more limited QIZ expansion ready by December 116. It was not clear to us if he will deliver that to us here in Cairo or through the Egyptian Embassy in Washington.

15. (U) Post will forward the list of potential QIZ exporters upon receipt. We also stand ready to assist visitors from USTR who would be interested in a site visit to the proposed QIZ expansion areas. Both Beni Suef and Minya can be visited in a day-trip from Cairo.

16. (SBU) ACTION REQUESTED: Post would appreciate a status update, as soon as it is available, on the GOE's outstanding request for an MOU between the GOE and U.S. Customs.
SCOBAY